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<u>TYPE OF CHARGE</u>	<u>PROPOSED SUPPLY DIVISION TREATMENT</u>
<u>Taxes</u>	Any taxes (Federal, State, Local, Excise) will be capitalized into the unit cost when such taxes are known at the time of receipt.
<u>Duties and Entry Fees</u>	Any duties and entry fees, when known at the time of receipt, will be capitalized into the unit cost.
<u>Discounts</u>	Those discounts realized through trade or quantity purchases are to be included as a reduction in the unit cost. Cash payment discounts will be excluded from Supply Division computation.
<u>Accommodation Procurements</u>	All charges on any accommodation procurements will be capitalized into the unit cost.
<u>Charges Reflected in Pricing Material Purchases</u>	When known at the time of receipt, and total delivery is accomplished in a single transaction, charges such as those for set-up, perforating, punching, and binding will be capitalized into the unit cost.
<u>Transportation Charges, Postage Charges, Labor Charges, Handling Charges, and Export Packing Charges</u>	The major portion of the organization purchases are consummated on an FOB destination basis and normally include transportation charges in the unit cost from the vendor. If transportation arrangements are other than FOB destination and charges are known at the time of delivery, such charges are to be capitalized into the unit cost on a prorated basis.

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GROUP 1
Excluded from automatic
downgrading and
declassification